

2007 Michigan Estimated Income Tax for Individuals MI-1040ES

General Instructions

Who Must File Estimated Tax Payments

In general, you must make estimated income tax payments if you expect to owe more than \$500 when you file your 2007 MI-1040 return.

If you owe more than \$500 you may not have to make estimated payments if you expect your 2007 withholding to be at least:

- 90 percent of your total 2007 tax (qualified farmers, fishermen and seafarers use 66 2/3 percent),
- 100 percent of your 2006 taxes, or
- 110 percent of your total 2006 tax if your 2006 adjusted gross income is more than \$150,000 (\$75,000 for married, filing separately).

Total 2006 tax is the amount on your 2006 MI-1040, line 28, less the sum of your tax credits on lines 34, 35, 36 and 37.

Estimated tax payments are **not** needed if two-thirds of your gross income is from farming, fishing or seafaring and you meet the qualifications.

Estimate filing requirements apply whether or not you are a Michigan resident.

Do not submit this form for any quarter that you do not have estimated tax due.

Due Dates of Payments

You may pay in full with the first estimate voucher due April 17, 2007. You may also pay in equal installments due on or before April 17, 2007, June 15, 2007, September 17, 2007, and January 15, 2008.

Note: You will *not* receive reminder notices; save this set of forms for all your 2007 payments.

How to Use These Forms

If you made estimated payments last year, Treasury will send you personalized forms. Use the personalized forms whether you fill them out yourself or get help from a tax preparer. Your name(s) and Social Security number(s) are preprinted on the MI-1040ES vouchers. Personalized forms shorten the processing time of your payment and reduce the chance of an error in your account. Do not use personalized forms if information on the form is incorrect and **DO NOT USE OTHER TAXPAYERS' VOUCHERS OR PHOTOCOPY THEIR FORMS**. If you do, your payments could be applied to the wrong account. If you lose a form or have not

made estimated payments before, visit www.michigan.gov/treasury to obtain a form or call toll-free 1-800-827-4000 to have tax forms mailed to you.

Where to Mail Your Payment

Make your check payable to “**State of Michigan.**” Write your Social Security number(s) and “2007 MI-1040ES” on the front of the check. To ensure accurate processing of your return, send one check for each return type. Send your check with the MI-1040ES form for that installment. Do **not** staple your check to the form.

Send your voucher and check to:

**Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274**

Failure to Make Payments or Underpayment of Estimates

If you fail to make required estimated payments, pay late or underpay in any quarter, Treasury may charge penalty and interest. Penalty is 25 percent of the tax due (with a minimum of \$25) for failing to file estimate payments or 10 percent (with a minimum of \$10) for failing to pay enough with your estimates. Interest is 1 percent above the prime rate and is computed monthly. The rate is adjusted on July 1 and January 1.

When Your Income Changes During the Year

If you are already paying estimates, amend your estimated payment on the next installment.

If you are not already paying estimates, use the following chart to see which period the tax is due.

If the change occurs: Pay on or before:

Jan. 1 through March 31 April 17, 2007

April 1 through May 31 June 15, 2007

June 1 through Aug. 31 Sept. 17, 2007

Sept. 1 through Dec. 31 Jan. 15, 2008

If you do not want to amend your fourth installment voucher, you may file your 2007 income tax return before January 31, 2008, instead. If you choose this option, you do not have to file the fourth voucher (due January 15, 2008). If you were not paying estimates but a change occurs between September 1 and December 31 that requires you to file estimates, you may file your 2007 MI-1040 return by January 31, 2008, instead of filing an MI-1040ES.

Estimated Tax Payments for Farmers, Fishermen or Seafarers

If at least two-thirds of your gross income is from farming, fishing or seafaring, you may:

- File your first 2007 voucher on or before January 15, 2008, and pay the entire amount of the estimated tax due, or
- File your 2007 MI-1040 return on or before March 1, 2008, and pay the entire tax with the return.

If you choose either of the above options, you do not need to pay estimated payments.

Fiscal Year Filers

Adjust all dates to correspond with your fiscal year. The first installment payment is due on the 15th day of the fourth month after your fiscal year ends. (Example: If your year ends March 30, your first payment is due July 15.)

Worksheet Instructions

You will need your 2006 Michigan and federal income tax returns for reference (even if you have not completed them yet).

Estimate your 2007 income. The Michigan income tax return begins with federal adjusted gross income (AGI) and allows for additions to and subtractions from AGI. Refer to Michigan *Schedule 1* for allowable additions and subtractions. Enter your estimated income subject to tax on line 1.

To determine your exemption allowance for line 2, see your 2006 *MI-1040* return. You may include all the exemptions allowed on your federal return (*1040* or *1040A*, line 6d), plus any Michigan special exemptions allowed on your Michigan return. Enter the amount of your exemption allowance, not the number of exemptions.

Increase in Income Rate Effective October 1, 2007 Calculating Your 4th Quarter Payment

Public Act 94 of 2007 raised the income tax rate to 4.35 percent effective October 1, 2007. As a result, income tax estimate filers should use one of the following methods to calculate the 4th quarter estimate payment due January 15, 2008:

- If your income was equally earned throughout 2007, use the worksheet below to determine your fourth quarter estimate.
- If your income was not earned equally throughout the year, you may multiply your income during the fourth quarter of 2007 by 4.35 percent (.0435) to determine your fourth quarter estimate.

If you need assistance in calculating your estimated payments, call Taxpayer Assistance toll-free at 1-800-827-4000. Persons who have hearing or speech impairments may call 517-636-4999 (TTY).

ESTIMATED TAX COMPUTATION WORKSHEET Keep for Your Records

1. Estimated 2007 income subject to tax (see worksheet instructions)	1. _____
2. Exemption allowance amount (see worksheet instructions)	2. _____
3. Balance. Subtract line 2 from line 1	3. _____
4. Estimated tax. Multiply line 3 by 4.01% (.0401) *	4. _____
5. All estimated credits (refundable and nonrefundable)	5. _____
6. Tax you expect to be withheld from your earnings	6. _____
7. Total deductions. Add lines 5 and 6	7. _____
8. Estimated tax due. Subtract line 7 from line 4	8. _____
9. Estimated payments already made in previous three quarters	9. _____
10. Estimated payment due. Subtract line 9 from line 8. Enter here and on your 4th quarter voucher ..	10. _____

* Effective October 1, 2007, the Michigan income tax rate was increased from 3.9% to 4.35%. The annualized tax rate for 2007 is 4.01%.

Visit Treasury's Web site at www.michigan.gov/treasury